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## Russia

Russia's leaders are coming under increasing pressure to maintain the country's economic expansion that has occurred over the last several years. From 2000-2004 the country averaged 6.5-7% growth. However, in 2005 the country is predicted to achieve growth of 5.5-6%. In order to reassure domestic and foreign investors, investment friendly laws have become legislation including decreasing the statute of limitations on privatization from 10 years to 3. Increased outside investment is deemed to be necessary if Russia's current economic growth is to be reenergized.

Some are proposing increasing domestic spending to increase domestic growth by utilizing excess oil revenues. If this happens, maintaining the government's 10% inflation target may become unrealistic and the value of the ruble may continue to climb ultimately resulting in adverse ramifications on Russia's industrial sector, which accounts for almost half of the country's jobs. The goals of the government are to double the gross domestic product by 2010 and hoist the living standards of those below the poverty line – currently at least 1 in 5 Russians. A few are predicting the country will finally reach in 2007 the economic output achieved in 1990, before the economic collapse of the 90's.

The United States (US) and Russia have set up a commission which is drawing up proposals of cooperation in the energy sector. In a partial response to the continued upward trend in oil prices, cooperation between the 2 countries could result in the US importing 50 million tons of Russian crude per year without additional investment. However, some consider an impediment to Russian and US cooperation is the Jackson-Vanik amendment. The Jackson-Vanik amendment has come into play on various agricultural issues between the US and Russia, including US poultry exports to Russia. Currently the US makes decisions every year which neutralizes the effects of the amendment.

In preparation for entrance into the World Trade Organization (WTO), Russia is amending 74 laws and regulations. However, Russia has indicated a desire to keep its right to set quotas on poultry, beef and pork imports until 2009 and \$9.6 billion in state support for agriculture when it joins the WTO, which is currently 3 times larger than what is currently allocated to support domestic agriculture. Negotiations concerning state support of agriculture are currently making slow progress. As an added incentive for Russia to join the WTO, approximately one third of its GDP is formed and depends on foreign markets. If Russia did join the WTO, quotas would be raised 2% which is half of the expected minimum growth in consumption expected of the products. Some expect Russia to become a WTO member in 2006.

From 2001-2004 Russia saw double digit gains in broiler production and in 2005 a 12% increase is forecast with some expecting a bigger increase. Production is expected to increase 2,500 million MT by 2010 with per capita consumption increasing from 10 kilograms (kg) to 16 kg per person during the same time frame. Nationally, the consumption of poultry slightly exceeds 2 million tons with imported

poultry supplying half of it. What may assist this growth is the rapid growth of the retail food sector with about \$7 billion in new retail sales of food accounts expected by 2012. The poultry quota and high prices on other meats in 2005 is also expected to continue to support high producer investment and increased production. The gains come as the agricultural sector transforms from a command economy to a more market oriented-system. The transition has resulted in increased fiscal responsibility and increased production efficiencies due to resource constraints.

Russian poultry producers consist mostly of 2 types – privately owned which are generally more efficient and “the State Unitary Enterprises” (SUEs). SUEs are a growing voice in the industry even though they are partially or wholly financed by local/regional governments. The SUEs receive preferences from local governments including lower taxes and limitations on competing products from other regions.

Initially, Russia allocated the US 771,900 metric tons (MT) of poultry for 2005. On June 15, 2005 the US Trade Representative announced the signing of an agreement with Russia confirming a previous understanding allowing for specified access for US poultry, beef and pork. The agreement would allow increases in US exports over the next 4 years. In 2005 the agreement would allow 811,300 MT of poultry to be exported to Russia and increasing to 931,500 MT in 2009. Total imports of poultry from January – May, 2005 are 442,300 MT, according to Russian custom statistics, an increase of 32.3% over the same time frame last year.

Poultry imported within quota will be subject to a 25% tariff, over quota 62.5% tariff until 2009 when it drops to 50%. The agreement also includes rules on the allocation and distribution of import licenses and veterinary permits, and establishes a consultative mechanism that ensures representatives from the US and Russia meet at least twice a year to discuss market conditions, trade related matters which includes sanitary issues, and the administration of the special measures.

Currently the US exports 15-20% of its chicken production and Russia currently is the top export market for US poultry products.

Sources: USDA/Foreign Agricultural

## Canada-United States

The Ninth Circuit Court of Appeals unanimously overturned over turned a judge's injunction against the import of live Canadian cattle. Rancher groups are now left with 2 alternatives, accept the ruling or appeal it the United States Supreme Court.

Source: various news sources

**Inspected Egg Products-U.S. & Canada Export/Import Trade****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending July 09, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	410	554	6,905	6,884
Frozen	0	0	21	11
Dried	0	0	207	387
Total	410	554	7,133	7,282

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

Week Ending July 09, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	131	286	2,780	3,730
Frozen	3	49	421	1,048
Dried	1	80	346	1,647
Total	135	415	3,547	6,425

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending July 09, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	33	47	100	254
Extra Large	3,040	9,070	48,660	71,286
Large	3,970	24,810	84,164	171,351
Medium	4,295	3,336	45,005	56,004
Ungraded	780	1,440	60,434	167,154
Misc	0	780	5,053	14,450
Total	12,118	39,483	243,416	480,499

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA/AMS Poultry Programs, Market News Branch.

**U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E 9-Jul-05 (PRELIMINARY)

**U.S. Fowl Slaughtered Domestically**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,268	1,196	2,464
Last Week	1,574	1,452	3,026
Same week yr ago	1,361	1,229	2,590
To-date/2005	41,706	37,169	78,875
To-date/2004	36,058	34,995	71,053

**U.S. Fowl Slaughtered in Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	238	0	238
Last Week	240	0	240
Same week yr ago	215	11	226
To-date/2005	7,407	33	7,440
To-date/2004	6,510	82	6,592

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. Fowl slaughtered in the U.S. and Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,506	1,196	2,702
Last Week	1,814	1,452	3,266
Same week yr ago	1,576	1,240	2,816
To-date/2005	49,113	37,202	86,315
To-date/2004	42,568	35,077	77,645

Source: USDA/AMS Poultry Programs, Market News Branch

**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Jul 15, 2005

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	26.00	81,600	-
WTD AVERAGE		26.00		
15-20%				
RANGE	-	15.00-26.00	1,356,600	326,400
WTD AVERAGE		17.73		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

\* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**EASTERN REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Jul 15, 2005

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	20.50	21.50-22.50	436,000	156,000
WTD AVERAGE	20.50	21.93		
15-20%				
RANGE	18.75-27.00	20.00-23.00	1,852,000	1,092,000
WTD AVERAGE	21.18	21.89		
20% OR MORE				
RANGE	-	14.00-19.00	120,000	-
WTD AVERAGE		15.67		

\* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 15 JULY 2005.**

The market tone on breast trim and fresh tom breast meat was steady to firm, destrapped tenderloins steady to fully steady with frozen strongest, frozen tom breast meat at least steady with spot premiums noted on close trimmed, scapula steady, and frozen wing meat with skin steady to weak. Demand good on fresh tom breast meat and fresh breast trim, at least moderate on frozen breast trim, improved on frozen destrapped tenderloins, light to moderate on fresh destrapped tenderloins, scapula and fresh wing meat with skin light, frozen wing meat with skin extremely light to light. Offerings of breast trim and fresh tom breast meat short to light with sellers asking higher trending prices, frozen tom breast meat light, destrapped tenderloins light at best and spotty, scapula and fresh wing meat with skin adequate, frozen adequate to burdensome. The market tone on thigh meat was steady to fully steady. Inquiry and trading moderate with offerings held with confidence. Increased offerings of fresh tom drums were noted at lower prices. Trading was heavy on fresh tom breast meat for domestic shipments, active on tom drums for domestic and export, moderate on frozen thigh meat for export. For domestic (fresh): scapula 102-104, breast trim 150-156 mostly 150-153 cents delivered. For export: hearts 25, hen full-cut wings 27, hen drums 41 cents delivered.

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>	<b>WEEKLY</b>	<b>WEEKLY</b>
<b>FRIDAY, JULY 15, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>PRICE</b>	<b>VOLUME</b>
DRUMSTICKS, TOMS	49.00-50.00		49.46	224	49.47	264
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		R	28.50	208	28.50	416
TAILS		F	25.25	40		
MECHANICALLY SEPARATED 2/		W	30.00	208	30.00	208
THIGH MEAT - FROZEN	82.00-86.00		84.23	352	84.16	680

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>THURSDAY, JULY 14, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		M	49.50	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM	28.50		28.50	208
TAILS		F	25.25	40
MECHANICALLY SEPARATED 2/		W	30.00	208
THIGH MEAT - FROZEN	81.00-86.00		83.92	144

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>WEDNESDAY, JULY 13, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		M	49.50	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		T	28.00	104
TAILS		F	25.25	40
MECHANICALLY SEPARATED 2/	30.00		30.00	208
THIGH MEAT - FROZEN	84.00		84.00	144

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>TUESDAY, JULY 12, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		M	49.50	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM	28.00		28.00	104
TAILS		F	25.25	40
MECHANICALLY SEPARATED 2/		F	29.00	40
THIGH MEAT - FROZEN	85.00		85.00	40

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>MONDAY, JULY 11, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	49.50		49.50	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM	29.00		29.00	104
TAILS		F	25.25	40
MECHANICALLY SEPARATED 2/		F	29.00	40
THIGH MEAT - FROZEN		F	82.28	288

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.